

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
September 2, 2015, 5:30 p.m.

President Green called to order the September 2, 2015 regular meeting of the Orange County Water District Board of Directors at 5:30 p.m. in the Boardroom at the District office. Following the Pledge of Allegiance to the Flag, the Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Roman Reyna (arrived 5:40 p.m.)
Stephen Sheldon
Harry Sidhu
Roger Yoh

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary
Jason Dadakis, Bruce Dosier, Stephanie Dosier,
Randy Fick, Roy Herndon, Don Jackson, John
Kennedy, Greg Woodside, Nira Yamachika

Others:

Howard Johnson – Brady
Peer Swan, Paul Weghorst – Irvine Ranch Water District
Jim Atkinson, Paul Schoenberger – Mesa Water District
Steve Conklin – Yorba Linda Water District
Ken Vecchiarelli – Golden State Water Company
Pamala Galera – City of Anaheim
Keith Lyon – Municipal Water District of Orange County
Jose Diaz – City of Orange
Mike Moore - City of Anaheim
Brian Ragland – City of Huntington Beach
Nabil Sabu – City of Santa Ana
Tom McCarthy – City of Anaheim

VISITOR PARTICIPATION

Irvine Ranch Water District Director Peer Swan pointed out that the OCWD Board received a letter today from IRWD requesting Groundwater Producer participation in OCWD's consideration of alternatives to the proposed seawater desalination project. He urged the Board to consider how it can optimize the use of existing supplies from MWD as an alternative to the proposed project, and suggested an update on alternatives be provided during each Poseidon update to the Board. Mr. Swan advised that MWD General Manager Jeff Kightlinger attended the MWDOC Board meeting today which presented a good opportunity for OCWD to ask why it is limited in its water purchases.

1. Public Hearing to Consider Changing the Basin Production Percentage - Untreated Full Service Imported Water Deliveries Under a Metropolitan Water District Water Supply Allocation Plan

Executive Director John Kennedy recalled that on August 12, 2015, the Water Issues Committee discussed the rules and requirements to purchase untreated full service Metropolitan Water District (MWD) water under the current Water Supply Allocation Plan (WSAP), and noted that two options were reviewed with the Committee: (1) Commit to pumping 315,000 acre-feet of water from the groundwater basin (requires increasing the Basin Production Percentage to 90%) this fiscal year

which would allow the District to receive approximately 55,000 acre-feet of water from MWD; and (2) Don't commit to a basin pumping amount and preserve the District's management discretion to modify basin pumping during the year and not receive an allocation of water from MWD. Subsequently at the August 12, 2015 Groundwater Producers meeting, he stated staff developed a third option which would raise the BPP to 76% for the remainder of the fiscal year based upon estimates from the Municipal Water District of Orange County (MWDOC) that the District would likely be able to receive about 20,000 acre-feet of water under the MWDOC allocation. He presented staff's recommendation to implement option No. 3, noting that the District would maintain its discretion to change the BPP during the year depending upon winter conditions.

President Green then opened the hearing for public comment.

Yorba Linda Water District representative Steve Conklin presented a letter from YLWD stating their desire to take an aggressive approach to get more water in the basin. He urged the Board to buy more water and stressed that increasing the BPP to 76% would result in a short term financial benefit for those agencies that can pump up to 76% of their demand, and stressed the need to be more conservative and maintain the BPP at 70%.

IRWD Director Peer Swan urged the Board to work with Option No. 2. He noted the major demands of the summer have passed and stated that the basin would be put at risk if it were reduced by another 20,000 acre-feet.

The Board considered the alternatives and Director Dewane moved the staff recommendation to raise the Basin Production Percentage to 76% for the remainder of the fiscal year. The motion failed on a 7-3 vote as follows (as this item requires the affirmative vote of 8 Directors): Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Reyna, Sidhu/Noes: Nguyen, Sheldon, Yoh. After further discussion, the following motion was taken continuing the Public Hearing to the September 16 Board meeting.

MOTION NO. 15-130

CONTINUING PUBLIC HEARING TO CONSIDER CHANGING THE BASIN PRODUCTION PERCENTAGE - UNTREATED FULL SERVICE IMPORTED WATER DELIVERIES UNDER A METROPOLITAN WATER DISTRICT WATER SUPPLY ALLOCATION PLAN

Upon motion by Director Flory, seconded by Director Anthony, and carried [10-0], the Public Hearing to consider changing the Basin Production Percentage is hereby continued to September 16, 2015 at 5:30 p.m.

Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Sidhu, Yoh

CONSENT CALENDAR

Director Dewane requested the removal of Item No. 7, *Easement Deed to Family Development Group*, from the Consent Calendar. The balance of the Consent Calendar was approved upon motion by Director Flory, seconded by Director Anthony and carried [10-0] as follows.

Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Sidhu, Yoh

2. Approval of Cash Disbursements

MOTION NO. 15-131
APPROVING CASH DISBURSEMENTS

Payment of bills for the period August 13, 2015 through August 26, 2015 in the total amount of 3,070,195.95 is ratified and approved.

3. Minutes of Board of Directors Meeting

MOTION NO. 15-132
APPROVING MINUTES OF BOARD OF DIRECTORS MEETING

The Minutes of Board of Directors Meeting held August 25, 2015 are hereby approved as presented.

4. Assignment of Agreement with RBF to Michael Baker International for Prado Basin Feasibility Study and Deviation

RESOLUTION NO. 15-9-117
AUTHORIZING ASSIGNMENT OF AGREEMENT WITH RBF TO MICHAEL BAKER INTERNATIONAL FOR PRADO BASIN FEASIBILITY STUDY AND DEVIATION

WHEREAS, pursuant to Resolution No. 10-2-29 and No. 13-9-118 adopted February 17, 2010 and September 18, 2013, respectively, OCWD issued Agreement No. 0636 to RBF for technical studies and environmental compliance work for enhanced water conservation at Prado Dam; and

WHEREAS, staff has advised that RBF has merged with Michael Baker International and has recommended execution of an assignment of Agreement No. 0636 to Michael Baker International;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Assignment of such Agreement as outlined herein; and, upon approval as to form by District General Counsel, execution of such Agreement by the District's officers is authorized.

ITEM RECOMMENDED FOR APPROVAL AT RETIREMENT COMMITTEE MEETING HELD AUGUST 25, 3015

5. Retirement Plan Investment Line-Up Review & Red Flag Fund Review

MOTION NO. 15-133
APPROVING CHANGES TO RETIREMENT PLANS INVESTMENT PORTFOLIOS

The following changes to the 401(a) Money Purchase Retirement Plan investment portfolio and the 457(b) Deferred Compensation Plan investment portfolio are hereby approved:

401(a) Portfolio Funds	Action	Symbol
AB Discovery Growth A	Keep Red Flag	CHCLX
Prudential Jennison Mid Cap Growth A	Keep Red Flag	PEEAX
Fidelity Low Priced Stock	Remove Red Flag	FLPSX
JPMorgan Large Cap Growth A	Remove Red Flag	OLGAX
Columbia Infl Protected Secs A	Red Flag	APSAX
Fidelity Spartan US Bond Idx Investor	Remove fund	FBIDX
Principal Bond Market Index	Add fund Map FBIDX funds to	PNIIX
American Funds 2060 Target Date Retirement	Do not add fund	RDKTX
457(b) Portfolio Funds	Action	Symbol
Ivy High Income A	Remove fund	WHIAX
Eaton Vance High Income Opportunities A	Add fund Map WHIAX funds	ETHIX
Fidelity Spartan US Bond Idx Investor	Remove fund	FBIDX
BlackRock US Total Bond Index Instl	Add fund Map FBIDX funds to	BMOIX

ITEMS RECOMMENDED FOR APPROVAL AT PROPERTY MANAGEMENT COMMITTEE MEETING HELD AUGUST 28, 3015

6. Amendment to Pheasant Hunting Lease with Elaine Raahauge at Prado Basin

RESOLUTION NO. 15-9-118
 APPROVING AMENDMENT TO PHEASANT HUNTING LEASE
 WITH ELAINE RAAHAUGE DBA
 MIKE RAAHAUGE’S SHOOTING ENTERPRISES

WHEREAS, pursuant to Resolution No. 05-11-126 adopted November 2, 2005, as subsequently amended, the OCWD Board authorized a Lease to Mike Raahauge d.b.a. Mike Raahauge Shooting Enterprises for continued use of certain District Prado lands for operation of a pheasant hunting concession, game bird raising, hunter safety classes, dog kennel operation, and for non-exclusive use of the clubhouse and roads for one-year terms, subject to annual renewal by mutual written consent of both the Lessee and Lessor; and

WHEREAS, pursuant to Resolution No. 13-10-128 adopted October 2, 2013, the OCWD Board approved the change of Lessee name to Elaine Raahauge d.b.a. Mike Raahauge Shooting Enterprises; and

WHEREAS, the Property Management Committee of this Board has presented and recommended approval of Amendment Ten to such Lease with Elaine Raahauge d.b.a. Mike Raahauge’s Shooting Enterprises providing for a one-year extension of the Lease through September 30, 2016, with all terms and conditions of the Lease to remain the same;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Amendment Ten to Lease with Elaine Raahauge d.b.a. Mike Raahauge

Shooting Enterprises as outlined herein; and, upon approval as to form by District General Counsel, it's execution by the District officers is authorized.

- 8. Easement Deed to Family Development Group for a Storm Water Drain into Burriss Basin for Property Located at 2840 South Street

This item was removed from the Consent Calendar for consideration.

- 8. Decertification Process for Caltrans' Imperial Highway Properties in Anaheim

MOTION NO. 15-134
 AUTHORIZING NEGOTIATION OF FINAL OUTSTANDING PAYMENT BALANCE TO
 CALTRANS FOR DECERTIFICATION PROCESS FOR THE CALTRANS' IMPERIAL
 HIGHWAY PROPERTIES IN ANAHEIM

Staff is authorized to negotiate the final outstanding payment balance to Caltrans to limit payment to no more than the original \$25,000 initial deposit for the decertification process for the Caltrans' Imperial Highway properties in Anaheim.

ITEM REMOVED FROM CONSENT CALENDAR FOR CONSIDERATION

- 7. Easement Deed to Family Development Group for a Storm Water Drain into Burriss Basin for Property Located at 2840 South Street

Director of IS/Property Bruce Dosier provided a revised recommendation to allow the Easement Deed with Family Development Group, Inc. (FDG) for a storm water drain facility from FDG's South Street property into Burriss Basin to be assignable to the ultimate project owner or the homeowners association. The Board requested that staff determine if Family Development has sold all or a portion of the property to another entity. The following action was taken deferring consideration of this item.

MOTION NO. 15-135
 DEFERRING CONSIDERATION OF EASEMENT DEED TO FAMILY DEVELOPMENT
 GROUP FOR A STORM WATER DRAIN INTO BURRIS BASIN

Upon motion by Director Anthony, seconded by Director Dewane and carried [10-0], consideration of an Easement Deed with Family Development Group, Inc. (FDG) for a storm water drain facility from FDG's South Street property into Burriss Basin is hereby deferred pending additional information on the possible sale of the property by Family Development.

Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Sidhu, Yoh

MATTER FOR CONSIDERATION

- 9. RFP and Process to Surplus and Develop The 19.2 Acre Ball Road Basin Property Located At Southeast Corner of Phoenix Club Drive and Ball Road, Anaheim

City of Anaheim representative Pamela Galera expressed Anaheim's interest in developing this property as a public park. The Board discussed proceeding with the Environmental Impact Report process to determine the highest and best use of this property. Director Sidhu suggested that Anaheim submit its best offer on the property. Directors Bilodeau and Dewane stressed that the Board's obligation is to find the highest and best use for the property and the following action was taken.

MOTION NO. 15-136
DIRECTING STAFF TO CONTINUE EFFORTS WITH THE EIR IN CONNECTION WITH
THE APPLICATION WITH THE CITY OF ANAHEIM FOR A
GENERAL PLAN AMENDMENT AND ZONE CHANGE FOR THE BALL ROAD BASIN

Upon motion by Director Bilodeau, seconded by Director Anthony and carried [9-1-], with Director Sheldon voting “No,,” staff was directed to continue the District’s efforts with the Environmental Impact Report being developed as a requirement for the District’s application with the City of Anaheim for a General Plan Amendment and Zone Change to “Commercial-General” for the Ball Road Basin property.

Ayes: Anthony, Bilodeau, Dewane, Flory, Green, Nguyen, Reyna, Sidhu, Yoh

Noes: Sheldon

INFORMATIONAL ITEMS

A. Groundwater Remediation Monthly Status Update

District Hydrogeologist Roy Herndon provided the following update on groundwater remediation efforts. North Basin: Staff has a follow up meeting with the Fullerton manufacturing firm on September 17. Several draft NCP documents are being reviewed by staff and a groundwater model calibration expected in 1-2 months. Potable supply alternative evaluation will be agendized at a future Board meeting. South Basin: The DTSC approved Soco West’s remedial action plan despite numerous OCWD comments that there is no active remediation of the downgradient plume. OCWD staff is reviewing the DTSC’s responses before determining the next steps. Staff received a cost proposal from Hargis & Associates to perform initial engineering design of a potential pilot test remediation system and bring this to the Board at the October 14 Water Issues Committee meeting.

B. Poseidon Resources City of Huntington Beach Ocean Desalination Project Update

Poseidon Resources representative Scott Maloni announced that Poseidon had resubmitted its application to the California Coastal Commission for the proposed Huntington Beach Desalination Project for the last remaining Coastal Development Permit it needs to build the facility. He noted that it did so as a result of the culmination of the completion of an 18-month process where Poseidon and the Coastal Commission staff working with an Independent Panel of scientists were evaluating whether it would be feasible to build a new seawater intake system as opposed to using existing facilities. He recalled that in November 2013 the Coastal Commission recommended approval of the project with the caveat that Poseidon rebuild a new intake system to avoid the entrainment of fish eggs that cannot be completely screened out and recommended a seafloor infiltration gallery which is a sand filter which requires burying pipes in the ocean floor, a pump station on the beach, and a pipeline under PCH to the treatment plant. Mr. Maloni stated this would require 30 cells on 26 acres of ocean floor located 3,000 feet offshore and would require the dredging and replacement of 500,000 cubic yards of sediment. Further, he stated a four-acre area on the beach would be required for a pump station. Mr. Maloni stated that, essentially, the Independent Panel concluded it would take up to seven years to build this facility and add \$1-\$1.5 billion to the cost and would not be economically viable in a reasonable period of time, and the construction impacts to the environment would be severe. He stated the Coastal Commission based their economic analysis on the OCWD term sheet and concluded that OCWD would not be willing to buy water from a project that has a seafloor infiltration gallery because the cost per acre foot would be in the \$4,000 to \$5,000 per acre foot range.

Based on the outcome of this process, Mr. Maloni stated they resubmitted their application and expect a decision within a few months.

C. Santa Ana Watershed Project Authority Activities

Directors Anthony and Dewane advised that SAWPA would conduct a technical workshop at OCWD on September 23 and encouraged Board member attendance. It was suggested it be noticed as a special Board meeting to allow for Director attendance.

D. Committee/Conference/Meeting Reports

The Board reported on the following Committee meetings and noted the Minutes/Action Agendas were included in tonight's Board packet.

August 25 – Retirement Committee

August 38 – Property Management Committee

VERBAL REPORTS

Directors Green and Anthony reported on their attendance at the International Desalination Association Technical 2015 Conference on emerging technologies on August 29 and 30. General Manager Markus advised that OCWD hosted the Singapore PUB on August 31, and that he sat on a global water reuse projects panel yesterday. He stated he had a discussion today with Debra Mann of MWD and MWDOC General Manager Rob Hunter regarding a potential indirect potable reuse project in Carson they are considering which could provide water to OCWD among others.

ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 7:06 p.m. as follows:

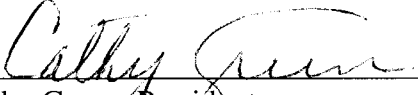
- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – [Government Code Section 54956.9(a)] – 1 case
OCWD v. Unocal Corporation, et al (MTBE Litigation) Superior Court Case No. 03CC00176
- CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION - SIGNIFICANT EXPOSURE TO LITIGATION - [Government Code Section 54956.9(b) – One potential case]

RECONVENE IN OPEN SESSION

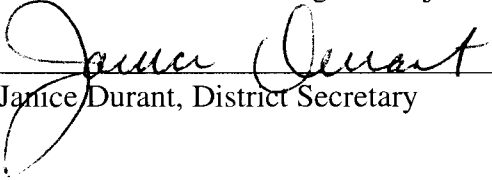
The Board reconvened in Open Session at 7:34 p.m. whereupon General Counsel Kuperberg announced that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:34 p.m.



Cathy Green, President



Janice Durant, District Secretary